

MINUTE ITEM

11. APPLICATION FOR PROSPECTING PERMIT, A. E. GALLO, KERN COUNTY -
W.O. 3686, P.R.C. 2682.2.

After consideration of Calendar Item 6 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

PURSUANT TO SECTION 6891 OF THE PUBLIC RESOURCES CODE, THE EXECUTIVE OFFICER IS AUTHORIZED TO EXECUTE AND ISSUE A TWO-YEAR PROSPECTING PERMIT TO A. E. GALLO FOR 160 ACRES OF LAND IN WHICH THE STATE HAS RESERVED ALL MINERALS IN THE SE $\frac{1}{4}$ OF SECTION 16, T. 31 S., R. 36 E., M.D.B.& M., KERN COUNTY, WITH ROYALTY PAYABLE UNDER ANY PREFERENTIAL LEASE ISSUED UPON DISCOVERY OF COMMERCIALY VALUABLE DEPOSITS OF MINERALS, UPON ANY AND ALL MINERALS PRODUCED, EXTRACTED OR SOLD FROM SAID LEASE PREMISES, TO BE DETERMINED AS FOLLOWS:

1. FOR GOLD, SILVER, OTHER PRECIOUS MINERALS, AND RADIOACTIVE MINERALS

$$R = 3.00 + .01 (C - 20.00)^2$$

2. FOR NONPRECIOUS METALLIC MINERALS

$$R = 3.00 + 0.37 (C - 60.00)$$

3. FOR NONMETALLIC MINERALS

$$R = 1.00 + 0.20 (C - 15.00)$$

WHERE: R = ROYALTY IN DOLLARS AND CENTS PER TON OF ORE

C = WEIGHTED AVERAGE OF GROSS SALES PRICE PER TON OF ORE DETERMINED BY THE ACTUAL GROSS SALES VALUE OF THE ORE SOLD ON A QUARTERLY BASIS DURING THE FIRST YEAR OF THE LEASE, AND EACH YEAR THEREAFTER THE WEIGHTED AVERAGE TO BE DETERMINED BY THE ACTUAL GROSS SALES VALUE OF THE ORE SOLD DURING THE PREVIOUS YEAR.

THE MINIMUM ROYALTY UNDER ANY LEASE ISSUED PURSUANT TO THIS PERMIT SHALL BE:

1. FOR GOLD, SILVER, OTHER PRECIOUS MINERALS, AND RADIOACTIVE MINERALS,

\$3.00 PER TON OF ORE.

2. FOR NONPRECIOUS METALLIC MINERALS,

\$3.00 PER TON OF ORE.

3. FOR NONMETALLIC MINERALS,

\$1.00 PER TON OF ORE.

THE MAXIMUM ROYALTY FOR GOLD, SILVER, OTHER PRECIOUS MINERALS,
AND RADIOACTIVE MINERALS SHALL NOT EXCEED 50 PER CENT OF THE
AVERAGE GROSS SALES PRICE OF THE ORE.

THE MAXIMUM ROYALTY FOR ALL NONPRECIOUS METALLIC AND NONMETALLIC
MINERALS SHALL NOT EXCEED 25 PER CENT OF THE AVERAGE GROSS SALES
PRICE OF THE ORE.

THE ROYALTY DURING THE FIRST YEAR OF ANY LEASE ISSUED PURSUANT
TO THIS PERMIT SHALL BE COMPUTED ON THE ACTUAL GROSS SALES VALUE
PER TON OF ORE SOLD.

Attachment

Calendar Item 6 (2 pages)

CALENDAR ITEM

6.

APPLICATION FOR PROSPECTING PERMIT, A. E. GALLO, KERN COUNTY - W.O. 3686.

An application has been received from A. E. Gallo of California City, California, for a permit to prospect for all minerals, other than oil or gas, on 160 acres of land in which the State has reserved all minerals in the SE $\frac{1}{4}$ of Section 16, T. 31 S., R. 36 E., M.D.B. & M., Kern County.

Field reconnaissance and record review by the staff have shown that the area for which the application has been made cannot be classified at this time as known to contain commercially valuable mineral deposits.

The statutory filing fee of \$5 has been paid, and the permit fee of \$160 has been deposited by the applicant.

IT IS RECOMMENDED THAT, PURSUANT TO SECTION 6891 OF THE PUBLIC RESOURCES CODE, THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO EXECUTE AND ISSUE A TWO-YEAR PROSPECTING PERMIT TO A. E. GALLO FOR 160 ACRES OF LAND IN WHICH THE STATE HAS RESERVED ALL MINERALS IN THE SE $\frac{1}{4}$ OF SECTION 16, T. 31 S., R. 36 E., M.D.B. & M., KERN COUNTY, WITH ROYALTY PAYABLE UNDER ANY PREFERENTIAL LEASE ISSUED UPON DISCOVERY OF COMMERCIALY VALUABLE DEPOSITS OF MINERALS, UPON ANY AND ALL MINERALS PRODUCED, EXTRACTED OR SOLD FROM SAID LEASE PREMISES, TO BE DETERMINED AS FOLLOWS:

1. FOR GOLD, SILVER, OTHER PRECIOUS MINERALS, AND RADIOACTIVE MINERALS

$$R = 3.00 + .01 (C - 20.00)^2$$

2. FOR NONPRECIOUS METALLIC MINERALS

$$R = 3.00 + 0.37 (C - 60.00)$$

3. FOR NONMETALLIC MINERALS

$$R = 1.00 + 0.20 (C - 15.00)$$

WHERE: R = ROYALTY IN DOLLARS AND CENTS PER TON OF ORE

C = WEIGHTED AVERAGE OF GROSS SALES PRICE PER TON OF ORE DETERMINED BY THE ACTUAL GROSS SALES VALUE OF THE ORE SOLD ON A QUARTERLY BASIS DURING THE FIRST YEAR OF THE LEASE, AND EACH YEAR THEREAFTER THE WEIGHTED AVERAGE TO BE DETERMINED BY THE ACTUAL GROSS SALES VALUE OF THE ORE SOLD DURING THE PREVIOUS YEAR.

CALENDAR ITEM 6. (CONTD.)

THE MINIMUM ROYALTY UNDER ANY LEASE ISSUED PURSUANT TO THIS PERMIT SHALL BE:

1. FOR GOLD, SILVER, OTHER PRECIOUS MINERALS, AND RADIOACTIVE MINERALS,

\$3.00 PER TON OF ORE.

2. FOR NONPRECIOUS METALLIC MINERALS,

\$3.00 PER TON OF ORE.

3. FOR NONMETALLIC MINERALS,

\$1.00 PER TON OF ORE.

THE MAXIMUM ROYALTY FOR GOLD, SILVER, OTHER PRECIOUS MINERALS, AND RADIOACTIVE MINERALS SHALL NOT EXCEED 50 PER CENT OF THE AVERAGE GROSS SALES PRICE OF THE ORE.

THE MAXIMUM ROYALTY FOR ALL NONPRECIOUS METALLIC AND NONMETALLIC MINERALS SHALL NOT EXCEED 25 PER CENT OF THE AVERAGE GROSS SALES PRICE OF THE ORE.

THE ROYALTY DURING THE FIRST YEAR OF ANY LEASE ISSUED PURSUANT TO THIS PERMIT SHALL BE COMPUTED ON THE ACTUAL GROSS SALES VALUE PER TON OF ORE SOLD.